

Form <b style="font-size: 24pt;">8404 Department of the Treasury Internal Revenue Service	<b style="font-size: 18pt;">Interest Charge on DISC-Related Deferred Tax Liability	OMB No. 1545-0939 <b style="font-size: 24pt;">2003
► File Form 8404 separately from your income tax return. See Where to file below.		
A Check applicable box to show type of taxpayer: <input type="checkbox"/> Corporation <input type="checkbox"/> Individual <input type="checkbox"/> Trust or Decedent's estate	Name of shareholder Address (number, street, room, suite, or P.O. box number) City, state, and ZIP code	B Shareholder's identifying number C IC-DISC's identifying number
D Shareholder's tax year for which interest charge is required to be paid (see instructions)		E Name of IC-DISC

Note: See line-by-line instructions.

1 Taxable income or loss on tax return (actual or estimated)	1	
2 Deferred DISC income from line 10, Part III, Schedule K (Form 1120-IC-DISC)	2	
3 Section 995(f)(2) adjustments to line 1 income or loss	3	
4 Combine lines 1, 2, and 3. If zero or less, do not file this form	4	
5 Tax liability on line 4 amount	5	
6 Tax liability per return (actual or estimated)	6	
7 DISC-related deferred tax liability. Subtract line 6 from line 5.	7	
8 Base period T-bill rate factor	8	
9 Interest charge due. Multiply line 7 by line 8. (See Paying the interest charge below.)	9	

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature and Title (if any)	Date	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP code	EIN	Preparer's SSN or PTIN
		Phone no. ()	

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of form. Shareholders of Interest Charge Domestic International Sales Corporations (IC-DISCs) use Form 8404 to figure and report their interest owed on DISC-related deferred tax liability.

Who must file. You must file Form 8404 if:
(a) you are a shareholder of an IC-DISC;
(b) the IC-DISC reports deferred DISC income to you on line 10, Part III of **Schedule K (Form 1120-IC-DISC)**; and
(c) the addition of this income would result in increased taxable income if it were included on your tax return for the tax year.

When to file. File Form 8404 by the due date of your Federal income tax return (excluding extensions) for your tax year that ends with or includes the IC-DISC's tax year end.

For example, you are a fiscal year corporation with a July 1, 2003, to June 30, 2004, tax year and you are a shareholder in an IC-DISC with a July 1, 2003, to June 30, 2004, tax year that reports deferred DISC income to you for its tax year ending June 30, 2004. Because your tax year ends with the IC-DISC's tax year, you are required to file Form 8404 on or before September 15, 2004 (2½ months after your tax year ends).

Paying the interest charge. You must pay the interest charge shown on line 9 by the date your Federal income tax for the tax year is required to be paid. For individuals, the interest is due on the 15th day of the 4th month following the close of the tax year. For

corporations, the interest is due on the 15th day of the 3rd month following the close of the tax year.

Attach a check or money order made payable to "United States Treasury" for the full amount of the interest charge. **Do not** combine the interest charge with any other tax or interest due. Write your identification number and "Form 8404—Interest Due" on your payment. Do not use **Form 8109**, Federal Tax Deposit Coupon.

If the interest charge is not paid by the due date, interest, compounded daily, at the rate specified under section 6621, will be imposed on the amount of unpaid interest from the due date until the date the interest is paid.

Payment of estimated tax is not required for the interest charge. See proposed Regulations section 1.995(f)-1(j)(3) for other details.

For corporations (other than S corporations), the annual interest charge is deductible as an interest expense for the tax year it is paid or

accrued. See proposed Regulations section 1.995(f)-1(j)(2) for details on the tax year of deductibility. **For other filers, this interest is not deductible.**

Amended Form 8404. You are required to file an amended Form 8404 only if the amount of the DISC-related deferred tax liability (line 7) changes as a result of audit adjustments, changes you make by the filing of an amended return, or if estimates were used on your original Form 8404 and changes were made to these estimates when you filed your tax return. See proposed Regulations section 1.995(f)-1(j)(4) for details.

Specific Instructions

Name and address. Enter the name and address as shown on your tax return from which the income or loss on line 1 of Form 8404 is obtained. If the return is a joint return, also enter your spouse's name as shown on Form 1040.

Where to File File Form 8404 at the applicable IRS address listed below.	
If you checked the box in Item A for:	Use the following Internal Revenue Service Center address:
Corporation	Cincinnati, OH 45999
Individual	Philadelphia, PA 19255
Trust or Decedent's estate	Cincinnati, OH 45999

File Form 8404 separately from your income tax return (i.e., file them in separate envelopes). Keep a copy for your records.